



U.S.-KOREA TRADE AGREEMENT

Alabama Farmers Will Benefit

December 2010

The U.S.-Korea Trade Agreement, known as the KORUS agreement, will immediately eliminate duties on nearly two-thirds of current U.S. agricultural exports to Korea and gives U.S. exporters improved access to the Korean market for many products that have been highly protected. The U.S. International Trade Commission estimates that annual U.S. agricultural exports to Korea will increase by a minimum of \$1.9 billion upon full implementation of the agreement.

The KORUS agreement eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for a range of Alabama agricultural products, including poultry, beef, and cotton. Alabama's agricultural exports to all countries, estimated at \$867 million in 2009, supported about 7,000 jobs, on and off the farm. These export sales make an important contribution to the Alabama farm economy, which had total cash receipts of \$4.2 billion in 2009.

Poultry Products. With cash receipts of \$2.5 billion in 2009, broilers are Alabama's leading agricultural industry accounting for nearly 60 percent of the total farm earnings. Alabama is the nation's fourth largest exporter of poultry and products, and those products are the state's top agricultural export with sales estimated at \$424 million in 2009. Among the KORUS agreement's benefits to Alabama's poultry producers and processors:

- Korea's tariffs of 18 to 27 percent on frozen leg quarters, frozen breasts and wings, and frozen turkey cuts, will be phased out in 7-12 years.
- As the number two market for U.S. egg products, Korea's tariffs of 27 percent on egg products, including egg yolks, will be phased out in 12 equal annual reductions.

Cattle and Beef. As the second largest source of farm cash receipts for the state, Alabama's cattle industry earned \$308 million in 2009. The KORUS agreement will provide many benefits to the cattle industry:

- For beef muscle meats, the KORUS agreement provides a 15-year straight-line tariff phase out of the 40 percent tariff reaching duty-free access in Year 15.
- For beef offals and variety meats, the KORUS agreement provides a 15-year straight-line phase out of the 18 percent tariff reaching duty-free access in Year 15.

Cotton. Cotton and linters are Alabama's second largest export commodity with estimated exports of \$103 million in 2009.

- The agreement will lock in the duty-free access being enjoyed by U.S. cotton exporters. This permanent access will allow U.S. cotton exports to continue to compete on a level playing field with Korea's other trading partners.

Hogs and Pork. Alabama's cash receipts for hogs and pork totaled \$35 million in 2009. Among the KORUS agreement's benefits to the hog and pork producers:

- Korea's tariffs on imports of more than 90 percent of U.S. pork products will become duty free on January 1, 2016 or sooner. This includes all frozen pork products as well as some fresh and processed pork products.
- Date-certain duty-free access will enhance the competitiveness of U.S. pork compared to product from the European Union and Canada.

Dairy Products. The Alabama dairy industry, had cash receipts totaling \$25 million in 2009. Under the KORUS agreement:

- Duty-free tariff rate quotas (TRQ) will be established for cheese, skim/whole milk powder, food whey, and butter.
- U.S. feed whey exports, which totaled \$8 million in 2009, will gain duty-free access to the Korean market immediately upon implementation.

Selected Agricultural Product Exports For FY 2009 (Oct. 2008-Sept. 2009)		
Product	U.S. to World	Alabama to World
Poultry Products	\$4,850,000,000	\$424,000,000
Cotton	\$3,628,000,000	\$103,000,000
Hogs and Pork	\$2,204,000,000	\$10,000,000
Dairy Products	\$2,335,000,000	\$340,000
Agricultural Total	\$96,632,000,000	\$867,000,000

Compiled by ERS using data from Census Bureau, Commerce and NASS.

Note: All State export figures used herein are estimated on a fiscal year basis (October-September) by USDA's Economic Research Service (ERS); all State cash receipt figures are compiled by USDA's National Agricultural Statistics Service (NASS) and ERS on a calendar year basis.

For questions about the U.S.-Korea Trade Agreement and its impact on U.S. agriculture, please contact FAS Legislative and Public Affairs at (202)720-7115 or LPA@fas.usda.gov.